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## **FY 2001 National Defense Authorization Act** **H.R. 4205**

Committee on Armed Services  
H.Rept. 106-606

Introduced by Mr. Spence and Mr. Skelton on April 6, 2000

### **Floor Situation:**

The House is scheduled to consider H.R. 4205 on Wednesday, May 17, 2000. At press time, the Rules Committee was still meeting to consider the granting of a rule making in order amendments to H.R. 4205. A description of the rule and the amendments made in order therein will be available in the *FloorPrep* for May 17, 2000.

### **Highlights:**

H.R. 4205 authorizes \$309.9 billion in new budget authority for the country's defense activities in FY 2001, \$ 4.5 billion more than the president's request and approximately \$21.1 billion more than last year's defense authorization (in budget authority). Of note, the Committee was able to fund approximately \$4.4 billion of the critical unfunded requirements identified by the service chiefs and defense agencies.

Overall, (in budget authority) the bill authorizes (1) \$75.8 billion (matching the president's request) for military personnel; (2) \$111.3 billion (\$868 million more than the president's request) for operations and maintenance and working capital funds; (3) \$62.3 billion (\$2 billion more than the president's request) for weapons procurement; (4) \$39.3 billion (\$1.4 billion more than the president's request) for research and development; (5) \$8.4 billion (\$400 million more than the president's request) for military construction and family housing; (6) and \$12.8 billion (\$281 million less than the president's request) for the defense-related programs of the Department of Energy.

Among major programs, the bill authorizes:

- \* major reforms to (1) improve TRICARE (military healthcare); (2) restore pharmacy access for all Medicare-eligible military retirees; (3) create a roadmap for implementation of a permanent health care program for military retirees over 65 in 2004; (4) improve efficiency of claims processing reforms; and (5) generate significant savings that will be redirected to pay for future benefits;
- \* a 3.7 percent military pay raise (equal to the president's request) and numerous bonuses other retention and quality of life priorities (i.e., reducing the out-of-pocket housing costs for military personnel to less than 15 percent);
- \* the establishment of a targeted subsistence payment, of up to \$500 per month, to assist the most economically challenged personnel (principally those living on food stamps);
- \* \$43 million, \$27 million more than the president's request, for 13 child development centers;
- \* \$2.6 billion to procure 39 F/A-18 E/F (Super Hornet) (\$206 million and three planes less than president's request);
- \* \$1.1 billion for 16 MV-22 tiltrotor (Osprey) aircraft (matching the president's request);
- \* \$2.2 billion (equal to the president's request) to procure 12 C-17 Globemaster aircraft;
- \* \$1.4 billion (equal to the president's request) for research and development of the F-22 Raptor, \$2.1 billion to produce ten low-rate initial production (LRIP), and \$396 million for advance procurement of 16 LRIPs in FY 2002;
- \* \$1.5 billion (matching the president's request) for procurement of the fifth and sixth *San Antonio* class amphibious ships (LPD-17);
- \* \$1.7 billion (matching the president's request) to procure the third New Attack Submarine (NSSN)—*Virginia* class—and the committee provides the authority to have the Navy Secretary enter into a block contract for five *Virginia* class submarines for FYs 2003-2006;
- \* \$5.2 billion (\$283 million more than the president's request) for the Ballistic Missile Defense Organization; (of that amount) \$2.2 billion (\$85 million more than the president's request) for National Missile Defense (NMD) research and development, procurement, and related military construction and \$550 million (matching the president's request) for the Theater High Altitude Air Defense (THAAD) program;
- \* \$998 million (\$5 million more than the president's request) for drug interdiction and counter-drug activities;
- \* \$8.4 billion (\$400 million more than the president's request) for military construction and improvement and construction of military family housing units; and
- \* \$845 million (\$10 million more than the president's request) for chemical-biological defense programs.

Additionally, H.R. 4205 stipulates that:

- \* the Joint Strike Fighter (JSF) program's approval to proceed beyond the demonstration and validation phase until the Defense Secretary certifies that the technological maturity of the JSF program's key technologies is sufficient to warrant its entry into the EMD phase;
- \* funds will be restricted to DOD to support or maintain no more than 500 U.S. military personnel in Colombia at any time. The provision allows for exemptions from the limitation for military personnel assigned to the U.S. Embassy in Colombia as an attaché, as part of the security assistance office, or the Marine Corps security contingent; those participating in natural disaster relief efforts or involved in non-operational transit through Colombia; and those engaged in rescuing or retrieving U.S. military or governmental personnel;
- \* the Secretary of Defense provide written notification to Congress prior to any policy change (1) affecting the current male-only assignment policy for submarines take effect and (2) the expenditure of any funds to reconfigure or design a submarine to house female crew members. The changes may only take place after 120 days of continuous Congressional sessions have expired following receipt of the proposed changes; and
- \* military service members are allowed to participate in the Thrift Saving Plan.

## **Background:**

### **Post-Cold War Military Drawdown**

The collapse of the Soviet Union and its communist satellites marked the end of an era for the U.S. military. After years of preparing for a massive armored invasion of Western Europe (and deterring a strategic nuclear attack), the United States suddenly faced a more fractious world, one that offered perilous uncertainty rather than a single, defined enemy.

However, the primary mission of the American military establishment in this fragmented international environment remains protecting the U.S. and its vital national security interests. While the Soviet Union no longer exists, the U.S. retains enduring interests in defending the American homeland and in maintaining a stable and peaceful political order in Europe, Asia, and in the vital energy-producing regions of the world. China has demonstrated a disturbing willingness to use military force as a tool of coercive diplomacy, threatening stability, prosperity and the growth of democracy in East Asia, Iraq continues to violate the no fly zones, and North Korea remains an unstable regime. The events of the past few years clearly demonstrate that new challenges to U.S. security interests are emerging on many fronts. Of note are the low intensity conflicts such as the Kosovo air-war and the subsequent ground presence.

On March 24, 1999, American-led NATO forces began an 11-week bombing campaign against the Federal Republic of Yugoslavia. The targets of the bombing campaign included military (command and control down to individual tanks and troop carriers), infrastructure (e.g., electrical, water, sewage), and transportation (roads and bridges). The 78-days of air strikes ended on June 10, and Yugoslav forces finished their withdrawal for Kosovo on June 20. Under the agreed to UN Council Resolution 1244, Kosovo is governed by a UN civil administration and the NATO-led peacekeeping force (KFOR) is

charged with keeping the peace. To that end, NATO sent approximately 7,000 U.S. troops, 6,000 German troops, 4,500 Italian, 3,900 British troops in the region, and the balance from numerous other nations.

Since the bombing ended, the transition to peace has remained elusive. Centuries-old ethnic hatred remains as displaced ethnic Albanians have returned to their homes and their Serbian “neighbors.” Now those once expelled are back in force and unafraid of their former tormentors. This environment has led to fights, rallies, and widespread killings. Many believe that the KFOR troops are in an untenable situation of keeping ancestral enemies from committing acts of violence much less the more pedestrian tasks of reconstruction and humanitarian projects. Also, the NATO force has cleared mines and unexploded ordinance as well as distributed roof tiles, stoves, and firewood. The reality is that most all experts agree that a sizeable American presence will be necessary for at least five years, but more realistically 10 to 15 plus. These long overseas deployments and very high op-tempo stretch our military accounts very thin. Additionally, serious questions still remain on our commitment to the region.

A recent GAO report has stated that the prospects for peace and stability in the Balkans remain bleak. The report notes, “local political leaders and people of their respective ethnic groups have failed to embrace the political and social reconciliation considered necessary to build multiethnic, democratic societies and institutions.” As a result, “all areas of the Balkans continue to face major unresolved political, social, and other problems that will contribute to regional instability over the next five years.” This prompted Chairman Spence to comment “Considering the increasing level of risk to U.S. military personnel, the lack of a compelling U.S. interest in the Balkans, and GAO’s conclusion that violence in the region is likely to continue or escalate, it is time for our nation to carefully consider our involvement in the Bosnia and Kosovo peacekeeping missions.”

The U.S. also faces a growing roster of future challenges such as failed and failing states, international terrorism, and tribal/ethnic conflicts fed by the emergence of a new “warrior class,” for whom war too often becomes an end in itself. In effect, the Post-Cold War era dictates that the United States must more carefully focus its defense resources on present problems and future solutions.

The spate of recent U.S. peacekeeping and humanitarian missions testifies to the rise of ethnic violence, terrorists, and other challenges to international order and stability. In Somalia, Haiti, and the Baltic region, large contingents of American troops have been sent on missions that critics argue have little or no relevance to U.S. security interests, and with little hope of creating lasting stability. Today, Congress faces several strategic decisions regarding the defense policy of the United States that did not exist during the Cold War. These decisions include determining the size of our military forces, when we should use military forces (which situations demand humanitarian aid or peacekeeping), and deciding the role of nuclear weapons and nuclear power in our defense policy. In general, the diffusion of power to smaller states and non-state actors, whether measured in political, economic or military terms, further complicates the geopolitical transition brought on by the end of the Cold War.

### **Long-Term Spending Trends**

In the late 1980s and early 1990s, debate focused not on whether defense spending should be cut, but rather by how much. Proponents of greater and accelerated reductions have argued that the end of the Cold War meant that funds once allocated for defense were now available for domestic needs. With defense spending reaching its lowest level (as a percentage of GDP) since World War II, others warned

that downsizing must be methodical and careful, or the U.S. would be unprepared to respond to unforeseen global threats.

Defense analysts have generally assumed that if the size of the military force remains stable, then defense spending should grow moderately over time in order to purchase and operate more modern equipment and to improve the quality of life in the military. When the normal growth in defense funding per troop is taken into account, currently planned budgets begin to fall below the historical trend over the next few years. How well or how poorly the budget fits the force will depend on the degree to which weapons modernization and readiness keep pace. Judging by historical standards, however, significant increases in defense funding may be necessary in the future to maintain a capable force of the planned size unless there are significant changes in patterns of acquisition and operations. Moreover, projections from both the Department of Defense and Congress suggest an eroding level of military readiness and an impending need to increase funding geared towards procurement, operations and maintenance, and research and development.

### **Military Readiness: Rhetoric and Reality**

Recently, the military readiness of the armed forces has become a paramount concern. In April 1997, Armed Services Committee Chairman Floyd Spence released a report entitled "Military Readiness: Rhetoric and Reality." Based on a series of interviews conducted during the fall of 1996 with hundreds of military personnel, the report highlighted an increasing gap between the Department of Defense's claimed capability of engaging in two simultaneous theater wars and the actuality of the military's readiness problems. Blaming much of the gap on the expectations of the U.S. armed forces to "do more with less," the report cites numerous instances where both the declining quality of life of military personnel and their families and the deteriorating quality of military equipment and training are hampering the ability of the U.S. military to fight and win wars.

Most disturbing from the report was evidence of a "phantom division's worth of unmanned squads"—125 army infantry squads with *no* assigned personnel. Other problems include aircraft cannibalization, the removal of parts from usable aircraft in an effort to keep others flying, and mission capable rates below 80 percent. These difficulties, combined with the poor quality of life American military families are experiencing, raise serious questions not only about the current state of military readiness but also about the ability of the U.S. forces to withstand additional budget cutbacks.

What the military chiefs find more disturbing is that the current active-duty military force is at two-thirds (1.4 million) the level of what it was in the 1980s and yet the increasing demands on the military from overseas missions has increased some 300 percent. The operation in Kosovo highlighted the shortfalls in the military and the demonstrated the current administration's heavy use of the military in recent years. *Operation Allied Force* was one of 149 deployments of the U.S. armed forces within the last ten years. This high tempo of operations, coupled with stagnant defense budgets and military cutbacks, has led some critics to deride the administration for creating a "hollow force."

On a larger scale, the current U.S. military doctrine is based on the tenet that the military must be able to fight two, nearly simultaneous wars. However, last year, a high-ranking general recently indicated that "we don't have a (two-war) capability." That this is clearly true is demonstrated by the fact that, in order to carry out operations in Kosovo, the president: (1) ordered a temporary suspension of enforcement in the Iraqi Northern no-fly zone; (2) removed a carrier battle group from the Western Pacific; (3) called up

35,000 reservists; and (4) has committed nearly seven of the American military's 20 combat air wings. In addition, the bombing campaign in Kosovo—and earlier last year in Iraq, Sudan, and Afghanistan—resulted in the near depletion of air-launched cruise missiles and a shortage of precision-guided munitions. It got to the point where the national stockpiles were basically empty for both munitions.

## Budget Trends

At recent congressional hearings, the respective service chiefs and other DOD officials have had the chance to testify and report on their budgets and detail current shortfalls. In a dramatic turn for the worse, the shortfalls that the service chiefs have noted for this year and next keep increasing. Last February, the service chiefs estimated that their FY 2001 shortfalls to total about \$10 billion. However, since then, they have revaluated their mark and now agree that the FY 2001 shortfalls to total almost \$16 billion. And if that is not enough, their shortfall estimate for FY 2001-2005 is at \$84 billion, *more than double* their estimate of \$38 billion from just over a year ago.

The various chiefs went on to detail what major deficiencies that their budgets confront them with. In the Army's quest to modernize itself for the 21<sup>st</sup> century, it is concerned that with only one-fifth of the procurement it will be delayed and hamper possible future missions. The Navy's main concern is keeping their surface fleet from falling below the QDR's requirement to maintain a fleet of more than 300 ships. The chiefs are concerned that its ship building plan does not reach the level necessary to sustain the current number of ships. Additionally, their submarine fleet faces the same problems in being able to carry out their assigned missions with their current complement of ships. The Air Force has annually cited chronic shortfalls with respect to real property maintenance and spare parts, but also cited that even essential modernization programs remain underfunded. One category that all the services' agreed upon is there needs to be more money for procurement. When Deputy Secretary Hamre testified on March 8, he stressed that the president's request (\$60 billion) "does not provide enough money to recapitalize the force."

These underfunded budgets lead to severe stress on machines and soldiers alike because of over use. One of the largest problems hampering U.S. armed forces' ability to perform at peak performance levels are retention and recruiting problems. Too many highly trained and needed personnel choose to leave the military because constraints on today's military budget make it difficult even to provide quality housing. Another pressing readiness problem is a lack of money for operations and maintenance accounts. Current funding has not allowed enough funds for training time for ships and range practice, spare parts, depot maintenance, and needed increases in flying time, to name a few. Along the same lines, troop quality of life was not where it needed to be in the early 1990s. To address this in recent years Congress has passed many provisions that have raised quality of life. The Armed Services Committees have pushed through pay raises, health care improvements for retirees and service people, and improved family and troop housing. More can be done to make the everyday life of the soldier better, but the progress made in the past few years shows a marked increase in quality of life.

## Health Care

Health care remains one of the most valuable services that DOD provides to current and retired service members and their families. However, continuing problems with the military health care system experienced by both active duty and military retirees are hindering the ability of the armed forces to recruit and retain the highest quality people. Furthermore, barriers to access prevent over 800,000 military retirees from obtaining

a prescription drug benefit that they have earned and for which they are eligible by law, but cannot easily obtain. Active duty families also are constantly challenged and frustrated by the hurdles they face in trying to access military health care. Moreover, DOD's inefficient, outdated health care administration continues to squander limited defense health resources that should be redirected to purchasing additional health care services and reducing out-of-pocket expenses for military families.

However, this year, the committee delivered on a number of major reforms to military health care, and expanded the recommendations of the Joint Chiefs of Staff to "fix" the DOD health care system. The policy and funding initiatives proposed by the committee will remove a number of significant barriers to an effective TRICARE system, generate significant savings that can be redirected to pay for future benefits, restore pharmacy access for all Medicare-eligible military retirees, and create a road map for implementation in 2004 of a permanent health care program for military retirees over age 65. Once implemented, the provisions will direct an increasing proportion of health care dollars to improve access to care, increase participation of health care providers, and enhance benefits for those now struggling for limited space available care.

## Provisions:

### — *Procurement* —

The bill authorizes \$62.3 billion in FY 2001 (\$2 billion more than the president's request) for procurement accounts. The committee was able to satisfy \$1.8 billion of the service chiefs' unfunded requirements for this account by reprioritizing programs within the budget request.

#### **Army Aircraft Procurement**

The bill authorizes \$1.5 billion in FY 2001 to purchase and modify Army aircraft, \$220 million more than the president requested. Specific programs are detailed below.

**UH-60 Blackhawk.** The bill authorizes \$155 million (\$68 million and six helicopters more than the president's request) for a total of 12 UH-60 Blackhawks. Of which, nine will be the UH-60L and three will be the UH-60Q (medical evac). All were authorized for the Army National Guard. One of the most versatile helicopters in the Army inventory, the Blackhawk is a designated utility helicopter that is capable of being equipped with weapons. Mainly used as a combat troop assault vehicle, it can carry from 11 to 22 combat equipped troops into battle. When rigged with special equipment, the UH-60 can lay wire, provide illumination to ground forces, conduct radiological surveys, and disperse scatterable mines.

**AH-64D Apache Longbow.** The bill authorizes \$745 million (equal to the president's request) to modify 60 AH-64As to the Longbow configuration. The Longbow is the Army's day/night, all weather, heavy attack helicopter, designed to engage and destroy advanced armored targets.

#### **Navy Aircraft Procurement**

The bill authorizes \$8.2 billion in FY 2001 to purchase and modify aircraft for the Navy, \$242 million more than the president requested.

**EA-6B Prowler.** The bill authorizes \$226 million (\$21 million more than the president's request) for

modifications to the EA-6B to improve the aircraft's ability to jam the latest radar systems and to purchase 124 AN/ASW-41 automatic flight control systems. As both the Navy and Air Force's primary electronic warfare aircraft, the Prowler protects U.S. aircraft and ships by jamming enemy radar and communications.

### National Defense Authorization, FY 2001 Part I

Authorization Account	FY 2000 Enacted	President's Request	FY 2001 Authorization	% Change from FY 2000	% Change from Request
	(in thousands)		(in thousands)		
Personnel	\$73,723.3	\$75,801.7	\$75,801.7	+2.8%	0.0%
Operations & Maintenance					
Army	\$18,922.5	\$19,123.7	\$19,492.6	+3.0%	+1.9%
Navy	\$22,641.5	\$23,300.2	\$23,321.8	+3.0%	+0.1%
Marine Corps	\$2,724.5	\$2,705.7	\$2,851.7	+4.7%	+5.4%
Air Force	\$20,961.5	\$22,347.0	\$22,351.2	+6.6%	+0.0%
Defense-Wide	\$11,496.6	\$11,920.1	\$11,673.9	+1.5%	-2.1%
National Guard & Reserves	\$10,547.8	\$11,130.9	\$11.3	-99.9%	-99.9%
Defense Health Program	\$10,839.7	\$11,600.4	\$11,861.5	+9.4%	+2.3%
Counter-Drug Activities	\$803.5	\$836.3	\$841.5	+4.7%	+0.6%
Court of Military Appeals	\$7.6	\$8.6	\$8.6	+12.5%	0.0%
Environmental Restoration	\$1,303.6	\$1,270.2	\$1,270.2	-2.6%	0.0%
Humanitarian Assist. / Civic Aid	\$55.8	\$64.9	\$55.8	0.0%	-14.0%
Former USSR Threat Red.(CTR)	\$475.5	\$475.5	\$444.1	-6.6%	-6.6%
Overseas Contingency Oper. Fund	\$1,879.6	\$4,100.6	\$4,100.6	+118.2%	0.0%
Office of the Inspector General	\$140.8	\$0.0	\$0.0	-100.0%	—
Quality of Life Enhancements	\$1,845.4	\$1,845.4	\$1,845.4	—	0.0%
Payment to Kaho' Ofaw e Island Fund	\$15.0	\$0.0	\$0.0	—	—
Other Programs	\$177.7	\$335.5	\$335.5	+88.8%	0.0%
<b>Subtotal, O&amp;M</b>	<b>\$105,012.4</b>	<b>\$109,313.2</b>	<b>\$109,982.6</b>	<b>+4.7%</b>	<b>+0.6%</b>
Working Capital Funds	\$145.0	\$916.3	\$916.3	+531.7%	+100.0%
Procurement					
Army	\$9,167.8	\$9,420.8	\$10,373.0	+13.1%	+10.1%
Navy	\$22,033.9	\$25,459.3	\$25,663.3	+16.5%	+0.8%
Marine Corps	\$1,297.0	\$1,171.9	\$1,254.7	-3.3%	+7.1%
Air Force	\$19,780.6	\$20,939.3	\$21,822.6	+10.3%	+4.2%
National Guard & Reserves	\$60.0	\$0.0	\$0.0	-100.0%	—
Defense-Wide	\$2,345.2	\$2,275.3	\$2,309.1	-1.5%	+1.5%
Defense Exp. Loan Guarantee Prog.	\$1.3	\$0.0	\$0.0	-100.0%	—
Chemical Agents Destruction	\$1,024.0	\$1,003.5	\$877.1	-14.3%	-12.6%
<b>Subtotal, Procurement</b>	<b>\$55,709.7</b>	<b>\$60,270.1</b>	<b>\$62,299.8</b>	<b>+11.8%</b>	<b>+3.4%</b>

**F/A-18 E/F Super Hornet.** The bill authorizes \$2.7 billion to procure 39 Super Hornets (\$206 million and 3 aircraft less than the president's request). The Super Hornet was designed to replace the recently retired A-6 strike plane and the fleet of F-14s and to supplement existing F/A-18 C/Ds as the Navy's aviation strike aircraft. Additionally, supporting the Navy and Marine Corps' unfunded requirement list,



the bill authorizes \$316 million for the F-18 series modifications (\$104 million more than the president's request) to procure upgrade kits and for an updated forward-looking infrared targeting pods.

**V-22 Osprey.** The bill authorizes \$1.1 billion for 16 V-22 tiltrotor aircraft (equal to the president's request). The Osprey will replace the Marine Corps' aging fleet of CH-46 Sea Knight helicopters as its primary means of transporting Marines and their equipment into combat by air. Additionally, the committee authorizes \$143 million (\$9 million more than the president's request) to accelerate the development of the CV-22 Special Operations Variant.

**KC-130J Hercules.** The bill authorizes \$231 million (\$76 million more than the president requested) to procure three KC-130Js for the Marine Corps. The J-version aircraft will phase out the Marine Corps' KC-130Fs, which are approaching 40 years of service and are the oldest aircraft in the Marine Corps inventory.

**E-2C Hawkeye.** The bill authorizes \$365 million (matching the president's request) for five of the Navy's airborne early warning and command and control center. Since its first flight in 1971, the E-2C Hawkeye has played a valuable role in the continuing U.S. drug-interdiction program and demonstrated its tracking capabilities during Operation Desert Storm. Equipped with the APS-145 radar, this carrier-based early warning aircraft is capable of tracking targets anywhere within a six million cubic mile surveillance envelope while simultaneously monitoring maritime traffic. The E-2C also maintains the capability of automatically and simultaneously tracking more than 2,000 targets and controlling over 20 airborne intercepts. With planned upgrades such as satellite communications, the E-2C promises to remain at the forefront of air reconnaissance.

**T-45TS Goshawk.** The bill authorizes \$301 million for the T-45TS trainer aircraft (\$33 million and two aircraft less than the president's request), the Navy's next generation jet pilot trainer.

### **Air Force Aircraft Procurement**

The bill authorizes \$10.3 billion in FY 2001 to purchase and modify aircraft for the Air Force, \$728 million more than the president requested.

**B-2 Bomber Modernization.** The bill authorizes \$142 million for modifications to the B-2 fleet (\$94 million more than the president's request). The additional funds will be used to develop the smart bomb rack assembly that will allow the plane to carry small "smart" weapons and to integrate Link 16, which will increase aircraft responsiveness, enhance survivability, and allow real time targeting. The Long Range Airpower Review panel recommended that the administration and Congress should fully support upgrades to the current U.S. bomber fleet.

**C-17.** The bill authorizes \$2.2 billion (matching the president's request) to procure 12 C-17 aircraft. Also, \$15 million is recommended for one C-17 WTS—a top unfunded Air Force requirement—and \$11 million for one C-17 MTS (a simulator designed to qualify personnel to maintain the aircraft). The C-17 is designed to carry Army vehicles and combat equipment to small, sparsely furnished airstrips near distant trouble spots. Its cavernous belly can haul items too bulky for the smaller, propeller-driven C-130—such as M-1 tanks, Patriot anti-missile batteries, and Bradley armored troop carriers.

**F-15 Eagle.** The bill authorizes \$358 million (\$100 million more than the president's request) for F-15

modifications and upgrades. These upgrades will provide increased engine safety, reliability, and performance—allowing the F-15 to remain the Air Force’s primary air superiority fighter until the F-22 enters service in the next decade. Additionally, the measure authorizes \$150 million (the president did not request any planes), for two F-15E all weather, deep penetration attack planes.

**F-16 Falcon.** The bill authorizes \$52 million (the president did not request and funds) to procure three additional F-16C aircraft. These three planes were at the top of the Air Force and Air National Guard’s unfunded requirements list. In addition, the committee recommends \$298 million, \$49 million more than the president’s request, for modifications to enhance offensive capabilities, improve counter measures, and decrease maintenance costs.

**E-8C Joint Surveillance and Target Attack Radar System (Joint STARS).** The bill authorizes \$40 million (the president did not request any funds) for advanced procurement of the 16<sup>th</sup> Joint STARS aircraft in FY 2001. Even though, the Joint Requirements Oversight Council established a requirement for 19 JSTARS, DOD plans to shut down the production line at 15. Joint STARS is an E-8C aircraft equipped with a long-range, air-to-ground surveillance system designed to locate, classify and track ground targets in all weather conditions. The QDR recommended reducing procurement of Joint STARS aircraft from 19 to 13, based on the assumption that the North Atlantic Treaty Organization (NATO) would select Joint STARS as its ground surveillance aircraft and purchase six of the aircraft. When NATO did not select Joint STARS for its fleet, DOD did not update the QDR’s recommendation, leaving the Air Force with a shortfall of six ground surveillance aircraft.

**F-22 Raptor.** The committee supports the president’s request for \$2.1 billion for 10 low-rate initial production (LRIP) aircraft and \$396 million for the advanced procurement of 16 LRIP aircraft in FY 2002. The Air Force views this next generation air-dominance fighter as its number one priority.

### **Army Missile Procurement**

The bill authorizes \$1.4 billion in FY 2001 to purchase missiles for the Army, \$72 million more than the president requested. Major programs are detailed below.

**Multiple Launch Rocket System (MLRS).** The bill authorizes \$189 million (matching the president’s request) for 66 MLRS launchers.

**Javelin Anti-Tank/Assault Missile System.** The bill authorizes \$372 million (matching the president’s request) to procure 3,754 Javelin anti-tank missiles.

**Hellfire Missile.** The measure authorizes \$285 million for the purchase of 2,200 of the air to ground missile, matching the president’s request.

### **Air Force Missile Procurement**

The bill authorizes \$3 billion in FY 2001 to purchase missiles for the Air Force (\$15 million less than the president requested).

**Joint Direct Attack Munitions (JDAMs).** The bill authorizes \$220 million (matching the president’s

request) to accelerate procurement of 9,098 JDAMs. These precision-guided munitions have been heavily used by the Air Force during the air war over Yugoslavia.

### **Army Weapons and Tracked Combat Vehicles**

The bill authorizes \$1.6 billion in FY 2001 to buy weapons and tracked combat vehicles for the Army (\$158.3 million more than the president's request).

**Bradley Fighting Vehicle Modifications.** H.R. 4205 matches the president's request for \$379 million to upgrade active Army Bradleys, which serve as the service's primary infantry support vehicles. Additionally, the bill authorizes \$81 million (the president did not request funds) for much needed upgrades to 65 Army National Guard Bradley vehicles to make them combat-capable.

**M1A2 Abrams Tank.** This tank is a major component of the Army's heavy forces and will be around until at least 2020. The measure recommends \$512 million (matching the president's request) for M1A2 System Enhancement Program Abrams tanks and \$55 million (\$19 million than the president's request) for M1 Abrams tank modifications.

### **Navy Weapons Procurement**

The bill authorizes \$1.6 billion in FY 2001 to purchase weapons and ordnance for the Navy (\$128 million more than the president requested).

**Joint Stand-Off Weapon (JSOW).** The bill authorizes \$207 million (\$35 million and 175 weapons more than the president's request) for 811 JSOWs. The JSOW is a precision guided, air-to-ground glide weapon.

**Hellfire Air to Surface Missile System.** The bill authorizes \$55 million (the president did not request any funding) to purchase Hellfire missiles which are laser guided, anti-armor missiles.

### **Ammunition Procurement**

The bill authorizes (1) \$1.2 billion to buy ammunition for the Army (\$68 million more than the president's request); (2) \$481 million to buy ammunition for the Navy and Marine Corps (\$52 million more than the president's request); and (3) \$639 million in FY 2001 to buy ammunition for the Air Force (matching the president's request).

### **Navy Shipbuilding and Conversion**

The bill authorizes \$12 billion in FY 2001 for Navy shipbuilding and conversion (\$315 million less than the president requested).

**CVN-77 and CVN(X).** The bill authorizes \$4.1 billion (matching the president's request) for procurement of one CVN-77. The bill also fully funds the president's request of \$22 million for advanced purchase of one CVN(X). In addition, the committee recommends fully funding the president's request for aircraft carrier research and development (Title II) with \$38 million for the CVN-77 and \$236 million for

the CVN(X) (including \$99 million for advanced nuclear power system development). The CVN-77 will serve as the transition ship from the *Nimitz*-class of nuclear aircraft carriers to the next-generation CVN(X) aircraft carrier.

**Auxiliary Dry Cargo Ship (ADC(X)).** The measure authorizes \$339 million (matching the president's request) to produce the second ship of the ADC(X) class of combat logistics force ships.

**LPD-17.** The bill fully funds the president's request of \$1.5 billion (matching the president's request) for procurement of the fifth and sixth of the new *San Antonio* class of amphibious ships.

**New Attack Submarine (NSSN).** The bill authorizes \$1.7 billion (matching the president's request) for procurement of the third NSSN (*Virginia* class). The NSSN is designed to be a cost-effective, highly-capable class of submarines that will replace the aging *Los Angeles* class submarines and join the three *Seawolf*-class submarines as America's attack submarine fleet. Also, the measure funds \$209 million (\$2 million more than the president's request) for NSSN engineering and manufacturing development. Finally, the committee grants authority to the Navy Secretary to enter into a block buy contract for five *Virginia*-class submarines during FYs 2003-2006.

**DDG-51.** H.R. 4205 authorizes \$2.7 billion, matching the president's request, for procurement of three *Arleigh Burke*-class AEGIS destroyers. Also, the measure authorizes \$357 million, matching the president's request, for advanced procurement. Finally, the bill authorizes extension and modification of the DDG-51 multi-year procurement contract to help the procurement of up to three ships per year through FY 2005.

### **Other Service-Based Procurement**

**Army.** The bill authorizes \$4.1 billion (\$299 million more than the president's request) for tactical and support vehicles, support equipment, and spare and repair parts.

**Navy.** The bill authorizes \$3.4 billion (\$97 million more than the president's request) for ship support equipment, communications and electronics equipment, aviation support equipment, and civil engineering support equipment.

**Marine Corps.** The bill authorizes \$1.3 billion (\$160 million more than the president's request) for weapons and combat vehicles, guided missile equipment, communications and electronics equipment and support vehicles.

**Air Force.** The bill authorizes \$7.9 billion (\$171 million more than the president's request) for vehicular equipment, electronics and telecommunications equipment, and base maintenance and support equipment.

**Defense-Wide.** The bill authorizes \$2.3 billion (\$34 million more than the president's request) for major equipment, special operations command, and chemical/biological defense.

\* **Chemical-Biological Defense.** The measure authorizes \$845 million (\$10 million more than the president's request) for the chemical/biological defense program, including \$474 million for procuring chemical and biological defense material and \$371 million for research and development (Title II). The bill authorizes \$142 million for the Defense Advanced Research Projects Agency's (DARPA) biological warfare defense programs (Title II). Under this title funds are authorized for individual protection, decontami-

nation needs, joint biological defense programs, collective protection accounts, and contamination avoidance accounts.

— *Research, Development, Test, and Evaluation (RDT&E)* —

The bill authorizes a total of \$39.3 billion for RDT&E activities in FY 2001, \$1.4 billion more than the president's request. RDT&E funding covers all research programs for new or enhanced weapons systems, as well as upgrades to existing systems, engineering improvements in military equipment, and general research into advanced technologies with military value. The committee was able to authorize \$911 million of the unfunded requirements designated by the service chiefs for these important programs by reprioritizing programs within the budget request. Many of the programs are classified.

**Defense-Wide RDT&E**

The bill authorizes \$11.1 billion in FY 2001 (\$840 million more than the president's request) for defense-wide RDT&E.

**Ballistic Missile Defense Organization (BMDO).** The bill authorizes \$5.2 billion, \$283 million more than the president's request, and a transfer of management authority for the Space Based Infrared System-Low and the Airborne Laser program from the Air Force to the BMDO. Specifics of the BMDO allocation are:

- \* **National Missile Defense (NMD).** The measure authorizes \$2.2 billion for NMD research and development, procurement, and military construction requirements. This is \$85 million more for research and development than the president's request and a transfer of \$241 million from the Air Force for Space Based Infrared System-Low. These additional funds will be used by BMDO to reduce NMD program risks (a BMDO unfunded requirement). Specifically, the funds will go for additional kill vehicle emulators, communications equipment, site activation teams, an additional target booster, and enhancing the testing center. The measure authorizes \$75 million for NMD procurement and \$102 million for military construction.
- \* **Space Based Laser (SBL).** The bill authorizes \$75 million (matching the president's request) for the SBL, a space-based anti-missile platform to destroy ballistic missiles with a high-powered laser.
- \* **Airborne Laser (ABL).** The committee recommends \$231 million (\$82 million more than the president's request) for the ABL, a high-powered laser carried aboard an aircraft designed to destroy ballistic missiles in the launch phase. Additionally, the committee recommends making the Office of the BMDO director the ABL acquisition executive.
- \* **Theater Missile Defense (TMD).** The discovery that North Korea, Iran, Pakistan, Iraq, have developed or deployed medium and long-range ballistic missiles is of great concern not only because of the threats they pose, but also because currently-fielded U.S. TMD systems are not entirely capable of meeting these new threats. Accordingly, the bill authorizes TMD funding in the following amounts: (1) \$550 million for the Theater High Altitude Air Defense (THAAD) program, matching the president's request; (2) \$63 million for the Medium Extended

Air Defense System (MEADS), matching the amount requested by the president; (3) \$408 million for the Navy's Theater Wide program, \$25 million more than the president's request; (4) \$274 million to develop the Navy Area Defense program, equal to the president's request but edirecting procurement funds to help resolve continuing development challenges; and (5) \$431 million (\$65 million more than the president's request) for procurement of additional PAC-3 missiles, an advanced version of the Patriot land-based anti-missile system.

### **Army RDT&E**

The bill authorizes \$5.5 billion in FY 2001 for Army RDT&E projects, \$240 million more than the president requested. Major programs are detailed below.

**RAH-66 Comanche.** The bill authorizes \$614 million (matching the president's request) to accelerate the Comanche program. The Comanche began development in 1982 to fulfill the Army's requirement for an armed reconnaissance helicopter. The Comanche is one of the Army's highest priority for its modernization program.

**Future Combat Vehicle.** The committee believes that decisive action must be taken now to redress the armored systems modernization dilemma of providing more capabilities for less dollars. Hence, last year, the committee directed the Defense Secretary to establish a collaborative combat vehicle demonstration program between the Defense Advanced Research Projects Agency (DARPA) and the Army. This team will incorporate high-risk/high-gain technologies into a family of future combat systems. The committee authorizes \$504 million, \$46 million more than the president's request.

### **Navy RDT&E**

The bill authorizes \$8.8 billion in FY 2001 for Navy RDT&E programs, (\$358 million more than the president's request). Major programs are detailed below.

**Advanced Amphibious Assault Vehicle (AAAV).** The bill authorizes \$166 million (\$28 million more than the president's request) for continued development of the AAAV. The AAAV will be a high speed, amphibious, armored personnel carrier that will replace the Marine Corps' aging fleet of amphibious assault vehicles.

**DD-21 Land Attack Destroyer.** The bill authorizes \$544 million (\$6 million less than the president's request) to develop the DD-21 Land Attack Destroyer program. Additionally, the bill authorizes \$102 million (matching the president's request) for the development of an advanced gun system and \$20 million to initiate development of an advanced land attack missile system. Since retiring the last battleship, the Navy no longer has a land attack platform. To fill this role, the Navy is developing the DD-21 Land Attack Destroyer, a fast, survivable, state-of-the-art ship with the ability to direct massive firepower against land targets.

**Land Attack Technology.** The committee authorizes \$143 million for the development of land attack technology for the current generation of surface combatants like the DDG-51 (*Arleigh Burke*) destroyers and the CG-47 (*Ticonderoga*) cruisers. Of this, \$39 million will go for the continued development of the Extended Range Guided Munition and \$22 million for the Land Attack Standoff Missile (matching the

president's request).

**Joint Helmet Mounted Cueing System.** The committee recommends \$256 million (\$8 million more than the president's request for the helmet cueing system. This system, when combined with state of the art missile systems under development, will provide a significant improvement in air to air combat survivability.

**SSGN Conversion.** The committee matches the president's request for \$35 million to initiate the option for converting Ohio class Trident ballistic missile submarines (SSBN), currently scheduled for retirement, to a conventional cruise missile submarine (SSGN) configuration. This conversion can help the Navy maintain nuclear attack submarine levels. These converted subs will be designed to launch numerous Tomahawk missiles and be able to carry special operations forces.

### **Air Force RDT&E**

The bill authorizes \$13.7 billion in FY 2001 for Air Force RDT&E programs, \$8 million less than the president's request. Major programs are detailed below.

**Air Force Science and Technology Funding.** The bill authorizes \$1.3 billion (\$77 million more than the president's request) for Air Force wide S&T.

**F-22 Raptor.** The Air Force F-22 Raptor is the next-generation air dominance fighter. The bill supports the president's request for \$1.4 billion for continued R&D.

**Joint Strike Fighter (JSF).** The bill authorizes \$429 million (matching the president's request) for Air Force JSF development and \$428 million (equal to the president's request) for the Navy program. \$261 of the total funds requested are intended to support completion of the demonstration and validation phase of the program and a "winner take all" selection of one of the two competing planes for entry into the EMD stage. The remaining funds will support the awarding of the EMD contract to the winner. Additionally, the committee limits the JSF program's approval to proceed beyond the demonstration and validation phase until the Defense Secretary certifies that the technological maturity of the JSF program's key technologies is sufficient to warrant its entry into the EMD phase.

**Space Based Infrared System (SBIRS) High and SBIRS Low.** SBIRS High is the next generation early warning satellite which will provide accurate estimates of launch and impact points and cues to BMD systems. The Low version will be a larger network of satellites that will track warheads against the background of space. The bill authorizes \$569 million for the High version and \$241 million for the Low version (both matching the president's request).

### **— Operations and Maintenance & Revolving and Management Funds —**

The bill authorizes \$111.3 billion in FY 2001 (\$868 million more than the president's request) for operations and maintenance and revolving and management funds. Specifically, the measure funds service wide accounts for spare parts, depot maintenance, training, supply, environmental restoration, drug interdiction and counter drug activities, defense health programs, and cooperative threat reduction. Specifically, the measure authorizes: (1) \$19.5 billion, \$369 more than the president's request, for the Army's O&M account; (2) \$23.3 billion, \$21 million more than the president's request, for the Navy's O&M account; (3)

\$2.9 billion, \$146 million more than the president's request, for the Marines's O&M account; (4) \$22.4 billion, \$4 million more than the president's request, for the Air Force's O&M account; and (5) \$11.7 billion, \$246 less than the president's request, for the Defense-wide O&M account.

The service chiefs' unfunded requirements lists for FY 2001 identify a real property and repair shortfall of over \$1 billion, a spare parts funding shortfall of \$250 million, and a ship depot maintenance shortfall of over \$180 million. This year the committee took great strides in meeting critical readiness accounts by adding more than \$1.4 billion to the president's request to support these unfunded requirements, including: (1) \$660 million for real property maintenance; (2) \$257 million for depot maintenance; (3) \$204 million for ship depot maintenance; (4) \$157.3 million for training and training range improvements at the military services premier training facilities; (5) \$91 million for pre-positioned equipment and parts to help U.S. forces to deploy more rapidly and efficiently; and (6) \$45 million for deployment spare parts for aircraft squadrons (One of the largest problems in the aircraft community is the cannibalization of aircraft. To that end, committee recommends a provision to require the Secretary of Defense to include cannibalization rates and efforts to reduce cannibalization in DOD's quarterly readiness reports).

**Training Accounts.** The committee recommends adding \$157 million to the president's request for range modernization, environmental management, center improvements, and various training exercises. Despite added funding in each of the past five years, each of the military services continue to experience shortfalls in their stocks of training ammunition. In some instances, these shortfalls have forced the military services to use war reserve ammunition for training purposes. Accordingly, the committee recommends \$41 million more than the President's request for procurement of sufficient training ammunition for the Army and Marine Corps to ensure that military personnel are able to maintain an adequate level of readiness and, in some cases, the minimum level of training.

### *— Military Personnel and Related Matters —*

The bill authorizes \$75.8 billion in FY 2001 (matching the president's request) for military personnel. The committee recommends numerous improvements to TRICARE, special pay and bonus increases and extensions, and reforms designed to make military medical care more affordable and service oriented.

#### **Military Health Care**

The committee recommends \$287 million more than the president's request for the Defense Health Program. The committee continues to find solutions to active duty and retiree health care problems by delivering and expanding on the recommendations of the Joint Chiefs of Staff to "fix" the TRICARE military health care system that were not supported in the budget request. The policy and funding initiatives proposed by the committee remove a number of significant barriers to an effective TRICARE system, generate significant savings that can be redirected to pay for future benefits, restore pharmacy access for all Medicare-eligible military retirees, and create a road map for implementation in 2004 of a permanent health care program for military retirees over age 65. Once implemented, the provisions will direct an increasing proportion of health care dollars to improve access to care, increase participation of health care providers, and enhance benefits for those now struggling for limited space available care.



## Improved Benefits

**Elimination of Health Care Inequities.** Under current law, family members of military personnel who are stationed far from military treatment facilities are not covered by the current TRICARE Prime Remote program and must pay higher costs for health care than family members of military personnel living near a military base. Also under current law, some active duty families enrolled in TRICARE Prime do not pay any co-payments at all because they receive care at military treatment facilities, while others are required to pay co-payments for civilian provider care because they are referred from a military treatment facility that is unable to provide needed treatment. To eliminate these inequities, the committee recommends a provision extending TRICARE Prime Remote coverage to family members and to eliminate co-payments for all active duty family members under TRICARE Prime.

**Reducing TRICARE's Limit on Catastrophic Expenses.** Current law stipulates that retired TRICARE beneficiaries, not enrolled in TRICARE Prime, face potential annual medical expenses of up to \$7,500 per family. Due to the decreasing amount of space available to care for the retired beneficiary population, an increasing number of families of retired military personnel face burdensome medical expenses. Therefore, the committee recommends a provision to reduce the maximum for annual out-of-pocket medical expenses of retired TRICARE beneficiaries to \$3,000 per family.

## Health Care Programs for Medicare-Eligible Military Retirees

**Roadmap to Navigate Medicare-Eligible Military Retirees to a Permanent Health Care Program.** Today, no coherent plan has been developed to bring a logical, systematic conclusion to the multi-year effort by DOD and Congress to design and enact a permanent health care benefit for Medicare-eligible military retirees. There are two popular options: (1) open-ended extensions of ongoing demonstrations or (2) immediate permanent implementation of one or more demonstration projects. However, neither option was very appealing to the committee. Additionally, no process currently exists to sort through the volume of data from multiple perspectives to develop a comprehensive and coordinated plan. To that end, the committee recommends the establishment of an independent oversight panel to present recommendations to Congress by December 31, 2002 regarding the components of a permanent military health care program for the Medicare-eligible. This deadline will ensure that Congress has these recommendations in time to pass legislation that will implement a permanent benefit in fiscal year 2004. In the meantime, the committee recommends the immediate implementation of a full prescription drug benefit for Medicare-eligible military retirees.

**TRICARE Senior Pharmacy Program.** Under current law, all 1.4 million Medicare-eligible military retirees and family members are eligible for prescription drugs. However, 800,000 of them do not have access to the benefit because they do not live close enough to a military treatment facility or otherwise cannot take advantage of TRICARE Senior Prime, the Uniformed Services Family Health Plan, or the Base Realignment and Closure program. Therefore, the committee recommends a provision to establish the TRICARE Senior Pharmacy Program. Under this program, all Medicare-eligible military retirees and eligible family members would enjoy the same pharmacy benefit that military retirees under the age of 65 receive through the TRICARE program. In particular, they would have access to the national mail order program and prescription drugs through both network and out-of-network retail pharmacies. With the freedom to choose the access point that best meets their personal needs, senior TRICARE beneficiaries would have access to the full range of prescription pharmaceuticals now offered through the DOD TRICARE uniform formulary and the option to purchase other prescription medications in non-network retail phar-

macies. While the TRICARE Senior Pharmacy Program would have no enrollment fee, beneficiaries to the program would have to pay co-pays and out-of-network deductibles normally associated with the TRICARE programs.

**Extension of TRICARE Senior Prime.** The TRICARE Senior Prime, or Medicare subvention demonstration project, has proven very popular among Medicare-eligible beneficiaries (the program is virtually fully subscribed wherever it is offered). The committee believes termination is premature and recommends a limited extension of this demonstration to December 31, 2003, along with the other Medicare-related demonstration programs. The continuation of these programs will provide a solid database of information to understand how this demonstration works in conjunction with the other two demonstrations. The committee believes that TRICARE Senior Prime is a worthwhile demonstration project that should be continued. However, contrary to the original intent of the program, the demonstration is not being operated as a cost-neutral activity. Therefore, the committee recommends that the Secretary of Defense initiate a utilization management review, which the committee expects will provide insight as to the reasons for the increased costs of the demonstration project.

**Extension of TRICARE Senior Supplement Demonstration Program.** Very little data is available by which to evaluate the recently initiated TRICARE Senior Supplement program. However, in order to ensure the same fair test period afforded the other TRICARE demonstration projects, and to seek alignment with the road map for implementation in 2004 of a permanent health care program for military retirees over age 65, the committee recommends extending the program until December 31, 2003.

**Federal Employees Health Benefits Program (FEHBP).** In the 1999 Strom Thurmond National Defense Authorization Act for Fiscal Year (*P.L. 105-261*) Congress established a program to test whether FEHBP could support the health care needs and desires of military retirees. Unfortunately, the demonstration program has attracted too few enrollees to consider it a true test of its value as an alternate source of military retiree health care benefits. The committee believes that the program's inability to attract enrollees has more to do with the framework and implementation of the program than with the benefits of the program itself. Therefore, the committee recommends extending the FEHBP demonstration program until December 31, 2003 and directs the Secretary of Defense to expand the program to its fully authorized enrollment levels.

## TRICARE Reforms

**Reforms to Increase Access, Benefit Portability, and Use of Military Treatment Facilities.** Despite congressional pressure to do so, DOD still has not taken full advantage of good business practices and technologies that could significantly improve health care access and reduce costs. Therefore, the committee recommends a provision to require the Secretary of Defense to submit a plan for improving TRICARE business practices by March 15, 2001 and to implement the plan by October 1, 2001. The committee recommends \$134.5 million for efforts to increase the efficiency of health care operations in military treatment facilities.

**Claims Processing Reform.** The committee learned during field hearings that the average cost to process a Medicare-provider claim is about \$1.00, while the average cost to process a TRICARE claim is nearly \$8.00. A large part of the cost difference can be attributed to outdated claims processing systems and procedures required by TRICARE. The committee recommends a number of initiatives to improve the efficiency of claims processing. To replace the manually developed health care service record, the

committee recommends \$3.6 million to develop an automated TRICARE Encounter Data System. The committee also recommends increasing to 50 percent the number of claims submitted by electronic means and requiring providers with large numbers of TRICARE patients to submit their claims electronically. These efficiencies will save DOD over \$500 million over the next five years and the committee expects that the Secretary of Defense will redirect these dollars now being spent on administration to more productive use purchasing benefits for military personnel.

**Prohibiting Requirement for Prior Authorization For Referrals.** Despite remaining within the TRICARE network of providers, some TRICARE patients report that they have been required to seek approval prior to being referred to another specialist or institution. Such unnecessary administrative steps represent a significant source of frustration to beneficiaries and providers alike. Therefore, the committee recommends a provision that would prohibit the Secretary of Defense from requiring TRICARE managed care support contractors to establish prior approval requirements among network providers.

## **Pay and Bonus Increases**

**Basic Military Pay Increase.** The bill authorizes a 3.7 percent military pay raise (matching the president's request) effective January 1, 2001. This pay raise is 0.5 percent above the Employment Cost Index (ECI), and will reduce the "pay gap" between military and civilian pay, as measured by the ECI, to approximately 10.9 percent.

## **Special Pay and Bonuses**

**Active Duty.** The committee recommends a provision to extend the authority for several special pays and bonuses for active duty personnel through December 31, 2001, including (1) aviation officer retention bonus; (2) reenlistment bonus for active members; (3) special pay for nuclear qualified officers extending the period of active service; and (4) nuclear career accession bonus and nuclear career annual incentive bonus.

**Reserve Duty.** The committee recommends provisions to extend certain special pays and bonuses for reserve personnel through December 31, 2001, including: (1) special pay for health care professionals who serve in the selected reserve in critically short wartime specialties; (2) selected reserve reenlistment bonuses; (3) special pay for selected reserve enlisted who are assigned to certain high priority units; (4) ready reserve enlistment and reenlistment bonus; (5) selected reserve affiliation bonus; (6) prior service enlistment bonus; and (7) authority for repayment of educational loans for certain health professionals who serve in the selected reserve (extended to January 1, 2002).

**Other Special Pays and Bonuses.** The committee recommends provisions to: (1) increase the initial uniform allowance paid to officers from \$200 to \$400, and the additional uniform allowance from \$100 to \$200; (2) authorize service secretaries to restructure career sea pay and to increase career sea pay to as much as \$750 per month and premium sea pay to as much as \$350 per month after 36 months of sea duty (effective October 1, 2001); (3) authorize service secretaries to reimburse military personnel for mandatory pet quarantine fees for up to two household pets up to a maximum of \$275 when resulting from a permanent change of station; and (4) increase the maximum for special duty assignment pay (effective October 1, 2001) from \$275 to \$600 per month.

**Enlistment and Reenlistment Bonuses.** The committee recommended a total of \$218 million in recruiting and retention funding added by the committee to the request, and of that \$154 million went to

bonuses. Specifically, the committee recommends an additional: (1) \$50 million for the Army; (2) \$12 million for the Army National Guard; (3) \$12 million for the Army Reserve; (4) \$24 million for the Navy; (5) \$2.4 million for the Navy Reserve; (6) \$8 million for the Marine Corps; (7) \$36.5 million for the Air Force; and (8) \$9 million for the Air Force Reserve.

### **Housing Allowance**

The committee recommends provisions to eliminate the statutory requirement that service members pay for 15 percent of housing costs from their own pockets and authorizes the Secretary of Defense to increase basic allowance for housing rates so that out-of-pocket housing expenses for military members are reduced to zero by fiscal year 2005. The committee also recommends an additional \$30 million to reduce out-of-pocket housing costs below the 15 percent envisioned in the administration's proposal.

### **Thrift Savings Plan**

The committee recommends authorization the implementation of the military Thrift Savings Plan in FY 2001. The FY 2001 budget resolution included the necessary funding to carry this out.

### **Service members' Child Education**

**Impact Aid.** The committee recommends a \$35 million authorization, the president did not request any funds, for the Department of Education's Impact Aid program. This program provides supplementary funds to school districts nationwide to help educate 550,000 military children.

**General Education.** The committee matches the president's request for \$1.4 billion for DOD dependent schools.

## **— Military Construction —**

**Military Construction.** The bill authorizes \$8.4 billion (\$400 million more than the president's request) for military construction accounts. The committee notes that the presidents military construction and family housing request, if enacted, would represent a four percent reduction from current spending levels and a 25 percent reduction from the funding levels authorized by Congress in FY 1996.

\* **Army.** The bill authorizes \$672 million (\$226 million less than the president's request) for military construction and \$1.2 billion (\$12 million above the president's request) for housing construction and improvements.

\* **Navy and Marine Corps.** The bill authorizes \$888 million (\$134 million more than the president's request) for military construction and \$1.3 billion (\$54 million more than the president's request) for housing construction and improvements.

\* **Air Force.** The bill authorizes \$704 million (\$173 million more than the president's request) for military construction and \$1.1 billion (\$13 million more than president's request) for housing construction and improvements.

\* **Defense-Wide Agencies.** The bill authorizes \$816 million (\$31 million more than the president's

request) for military construction and \$45 million (matching the president's request) for family housing.

\* **Guard and Reserves.** The bill authorizes \$444 million (\$221 million more than the president's request) for military construction.

\* **BRAC-IV.** The bill authorizes \$1.2 billion (matching the president's request) for activities associated with base closure and realignment.

\* **NATO Infrastructure.** The bill authorizes \$178 million (\$13 million less than the president's request) for the NATO security investment program.

### — *Department of Energy and Other Authorizations* —

#### **Department of Energy (DOE) Funding Levels**

The bill authorizes \$12.8 billion (\$281 million less than the president's request) for DOE programs critical to the nation's defense, including producing and protecting nuclear materials, managing radioactive defense waste, and performing environmental restoration. Specifically, the bill authorizes (1) \$6.6 billion (\$231 million less than the president's request) for defense environmental restoration & waste management and defense facilities closure products; (2) \$6.3 billion (\$92 million more than the president's request) for the National Nuclear Security Administration (NNSA)—established by the FY 2000 Defense Authorization (*P.L. 106-65*)—which is responsible for all weapons and naval reactor activities.

#### **NNSA Programs**

The bill authorizes \$6.3 billion (\$92 million more than the president's request) for DOE weapons and reactor programs. Specific programs are outlined below.

**Accelerated Strategic Computing Initiative (ASCI).** The bill authorizes \$462 million (\$15 million less than the president's request) for ASCI. ASCI is the centerpiece of the administration's science-based stockpile stewardship effort to maintain the safety and reliability of U.S. nuclear weapons without conducting actual nuclear tests. When completed, this computer system will be able to perform 100 trillion operations per second.

**Stockpile Accounts.** The committee recommends (1) \$857 million, \$20 million more than the president's request, for stockpile work; (2) \$163 million, \$11 million more than the president's request, for stockpile evaluation; and \$267 million, \$9 million more than the president's request, for stockpile maintenance.

**Facility Operations.** The committee recommends \$1.2 billion, \$93 million less than the president's request, for the general operation of the countries' nuclear facilities.

#### **Department of Energy Environmental Management Programs**

The bill authorizes \$6.6 billion (\$231 million less than the president's request) for DOE's environmental restoration & waste management programs and defense facilities closure projects. The bill's authorization

for DOE's environmental management program includes:

- \* \$1.1 billion (matching the president's request) for the Defense Facilities Closure Project. By providing additional funding for this program, DOE will be able to accelerate closing facilities that are nearing cleanup completion and reduce the maintenance costs of the nuclear complex;
- \* \$1 billion (\$40 million more than the president's request) to facilitate construction and site completion at facilities DOE will close by 2006;
- \* \$3.1 billion (matching the president's request) for construction and project work at facilities with complex and extensive environmental issues that DOE will close after 2006;
- \* \$197 million (matching the president's request) for Defense Environmental Restoration and Waste Management Science and Technology program (which develops new technologies for nuclear waste cleanup); and
- \* \$259 million (\$256 million less than the president's request) for the Defense Environmental Restoration and Waste Management Science and Technology program, which develops new technologies for nuclear waste cleanup. Specifically, the committee recommends \$194 million (along with \$176 million remaining in the current contract) to allow DOE to proceed with design on the Hanford Tank Waste Remediation System.

#### *—General and Other Provisions—*

**Cooperative Threat Reduction (CTR).** The bill authorizes \$433 million (\$25 million less than the president's request) for CTR activities (these monies are often-called "Nunn-Lugar" funding) in FY 2000. CTR funds aid in dismantling former Soviet strategic offensive arms that threaten the United States. Specific authorization levels include:

- \* \$163 million (\$10 million more than the president's request) for strategic offensive arms elimination activities in Russia;
- \* \$34 million (\$5 million more than the president's request) for eliminating ICBMs missiles and silos, and heavy bombers in the Ukraine;
- \* \$90 million (matching the president's request) to improve security at nuclear weapons storage facilities in Russia;
- \* \$12 million (matching the president's request) for biological weapons proliferation prevention in Russia;
- \* \$32 million (matching the president's request) for the elimination of plutonium production in Russian reactors;
- \* \$57 million (equal to the president's request) for fissile material storage in Russia;

## National Defense Authorization, FY 2001 Part II

Authorization Account	FY 2000 Enacted	President's Request	FY 2001 Authorization	% Change from FY 2000	% Change from Request
	(in thousands)		(in thousands)		
<b>RDT&amp;E</b>					
Army	\$4,791.2	\$5,260.3	\$5,500.2	+14.8%	+4.6%
Navy	\$8,362.5	\$8,476.7	\$8,834.5	+5.6%	+4.2%
Air Force	\$13,630.1	\$13,685.6	\$13,677.1	+0.3%	-0.1%
Defense-Wide	\$9,204.8	\$10,238.2	\$11,077.8	+20.3%	+8.2%
Dev. Test & Evaluation	\$253.5	\$0.0	\$0.0	-100.0%	—
Operational Test & Eval.	\$24.4	\$201.6	\$219.6	+798.6%	+8.9%
<b>Subtotal, RDT&amp;E</b>	<b>\$36,266.5</b>	<b>\$37,862.4</b>	<b>\$39,309.2</b>	<b>+8.4%</b>	<b>+3.8%</b>
<b>Military Construction</b>					
Army	\$1,186.2	\$897.9	\$672.4	-43.3%	-25.1%
Navy	\$883.3	\$753.4	\$887.8	+0.5%	+17.8%
Air Force	\$780.2	\$531.0	\$703.9	-9.8%	+32.6%
Defense Agencies	\$629.0	\$784.8	\$815.5	+29.7%	+3.9%
Army National Guard	\$205.4	\$59.1	\$129.1	-37.1%	+118.4%
Air National Guard	\$253.9	\$50.2	\$110.9	-56.3%	+100.0%
Army Reserve	\$107.1	\$81.7	\$104.9	-2.1%	+28.3%
Naval Reserve	\$25.4	\$16.1	\$56.6	+122.8%	+100.0%
Air Force Reserve	\$52.8	\$14.9	\$41.7	-20.9%	+100.0%
NATO Security Investment	\$81.0	\$190.0	\$177.5	+119.1%	-6.6%
Base Realignment and Closure					
Part IV	\$665.2	\$1,170.3	\$1,170.3	+75.9%	0.0%
<b>Subtotal, Military Construction</b>	<b>\$4,869.6</b>	<b>\$4,549.4</b>	<b>\$4,870.6</b>	<b>+0.0%</b>	<b>+7.1%</b>
<b>Family Housing</b>					
Army	\$1,167.0	\$1,140.4	\$1,152.2	-1.3%	+1.0%
Navy and Marine Corps	\$1,224.7	\$1,245.5	\$1,299.9	+6.1%	+4.4%
Air Force	\$1,167.8	\$1,049.8	\$1,062.3	-9.0%	+1.2%
Defense Agencies	\$41.5	\$44.9	\$44.9	+8.2%	0.0%
DOD Family Housing Improvemt	\$2.0	\$0.0	\$0.0	-100.0%	0.0%
Homeow ners Assistance Fund	\$24.5	\$4.1	\$4.1	—	0.0%
<b>Subtotal, Family Housing</b>	<b>\$3,627.6</b>	<b>\$3,484.5</b>	<b>\$3,563.3</b>	<b>-1.8%</b>	<b>+2.3%</b>
Atomic Energy Defense	\$12,110.3	\$13,084.1	\$12,803.4	+5.7%	-2.1%
Total Other DOD Military		-\$1,217.5	-\$1,222.5	—	—
Defense Related Activities	\$1,172.7	\$1,249.7	\$1,201.7	+2.5%	-3.8%
<b>Subtotal, Related Agencies</b>	<b>\$1,172.7</b>	<b>\$1,249.7</b>	<b>\$1,201.7</b>	<b>+2.5%</b>	<b>-3.8%</b>
<b>Bill Total</b>	<b>\$288,811.3</b>	<b>\$305,333.1</b>	<b>\$309,894.2</b>	<b>+7.3%</b>	<b>+1.5%</b>

Source: Armed Services Committee

- \* \$9 million (\$5 million less than the president's request) for defense and military contracts; and
- \* the denial of the president's request of \$35 million for work on a chemical weapons destruction facility because the committee believes the costs exceed the anticipated benefits.

**Counter-Drug Activities.** The military remains engaged in a combined interagency effort to detect, disrupt, and curtail the flow of drugs into the United States. The bill authorizes \$842 million (\$5 million more than the president's request) as well as \$156 million (matching the president's request) for the expenses contained in the operating budgets of the military services, for a variety of initiatives intended to more effectively utilize DOD assets in supporting counter-drug missions. Specifically, the bill authorizes:

- \* \$6 million (the president requested no funds) for Eastern Pacific drug trafficking detection. Again, the President's budget request failed to fully support Operation Capet Focus, a valuable ongoing operation to disrupt maritime narcotics trafficking in the Eastern Pacific;
- \* \$1.2 million (the president requested no funds) for the Puerto Rico Relocatable Over-The-Horizon Radar (ROTHR) Security. The ROTHR based in Puerto Rico will greatly enhance the effectiveness of efforts to curtail the flow of illegal narcotics into the United States. However, the planned transfer of Navy land on the western side of Vieques, Puerto Rico, would leave the ROTHR without adjacent federal property, presenting a potential security risk to the facility. These funds will be used to enhance the security of the site; and
- \* a recommend to restricts funds available to DOD to support or maintain more than 500 U.S. military personnel in Colombia at any time. The provision allows for exemptions from the limitation for military personnel assigned to the U.S. Embassy in Colombia as an attaché, as part of the security assistance office, or the Marine Corps security contingent; those participating in natural disaster relief efforts or involved in non-operational transit through Colombia; and those engaged in rescuing or retrieving U.S. military or governmental personnel.

**Center for the Study of Chinese Military Affairs.** Last year, DOD established the center on March 1, 2000, but has yet to identify a source of funding to allow it to proceed with activities for which the center was established. The committee believes that recent developments with respect to China's military reinforce the need to move forward rapidly with the center, appoint a permanent director by June 1, 2000, and ensure the center is fully operational by June 1, 2001.

**DOD Personnel Security Investigations.** Due to excessive backlog of some 900,000 clearance investigations, the committee directs DOD to develop a means to quantify and prioritize the needed personnel security investigations.

**Defense Prisoner of War/Missing in Action Office (DPMO).** The committee directs the Secretary of Defense to consult with Congress before implementing any plan that would reduce the current level of effort to account for missing personnel.

**Electromagnetic Pulse (EMP) Commission.** The committee recommends a provision that establishes an EMP Commission (to be comprised of independent scientists and military experts) to assess the evolving EMP threat and the vulnerability of U.S. military and civilian electronic infrastructure, and to recommend steps that can be taken to better protect the United States from EMP attack. A nuclear weapon detonated at high-altitude would generate an EMP, similar to a very high energy radio wave, that can



potentially damage and destroy electronic systems over the entire continental United States. Some analysts have suggested that nations having small numbers of nuclear missiles, such as China or North Korea, may consider an EMP attack against U.S. forces regionally to degrade the U.S. technological advantage, or against the United States' national electronic infrastructure as a way to get the most utility from their modest nuclear capabilities.

**Vieques.** The committee believes that retaining the Vieques Island training facility is critical to the future readiness of our naval forces and recommends several initiatives to ensure continued access. The committee recommends provisions to: (1) prohibit the Secretary of the Navy from transferring the eastern end of Vieques Island from the jurisdiction of the Navy; (2) permit the Secretary of the Navy to transfer the land on the western end of Vieques once live-fire training has resumed on the Vieques range facility and land transferred by the Navy would be managed as conservation areas and continue to be managed as such after conveyance; (3) limit the military's use of Vieques Island to 90 days of live fire-training and 90 days of non-live-fire training per year. It would also require the Navy to ensure the safety of local citizens, reduce the noise levels, and provide for a citizen's advisory committee that allows citizens to air concerns over military training on Vieques; and (4) authorize \$40 million in economic assistance to the citizens of Vieques once live-fire training has resumed on the range facility.

**Elimination of Waste and the Reforming of DOD's Organization and Business Practices.** Specifically, the measure authorizes DOD to: (1) to reduce the defense acquisition workforce by 13,000 personnel in fiscal year 2001 and directs the Secretary of Defense to develop a plan to re-shape DOD's acquisition workforce in order to meet future acquisition requirements; (2) extend the Acquisition Pilot Program by five years. DOD is currently using the Acquisition Pilot Program for five programs including the Joint Direct Attack Munition; (3) a decrease of \$74 million for management headquarters activities; (4) prohibit the Secretary of the Navy from spending funds for the contract Navy Marine Corps Intranet Contract (NMCI) in fiscal year 2001 until supporting documentation (financial analysis and a serious discussion of policy issues) is provided to Congress; and (5) directs the Secretary of Defense to provide a report to Congress that identifies all personnel assigned to legislative affairs and legislative liaison offices throughout the military departments and defense agencies by December 1, 2000.

**Russian American Cooperative National Missile Defense.** The committee directs the BMDO to explore the possibility of a joint U.S.-Russian national missile defense system that could defend both nations from a range of missile threats. Also, the BMDO must submit a report to Congress by January 15, 2001 on this possibility.

### **Costs/Committee Action:**

CBO estimates that enactment of H.R. 4205 will result in discretionary outlays of \$299.2 billion in FY 2001, \$103.8 billion in FY 2002, \$39.8 billion in FY 2003, \$16.1 billion in FY 2004, and \$7.9 billion in FY 2005. Additionally, CBO estimates \$165 million over the next five years in direct spending. The bill affects direct spending, so pay-as-you-go procedures apply.

The Armed Services Committee passed H.R. 4205 by a vote of 56-1 on May 10, 2000.

## Other Information:

“Appropriations for FY 2001: Defense,” *CRS Report RL30305*, April 19, 2000; “Defense Budget for FY 2000: Data Summary,” *CRS RL30061*, February 16, 1999; “Defense Acquisition Reform: Status and Current Issues” *CRS Issue Brief 96022*, May 14, 1998; “Military Base Closures: Time for Another Round?,” *CRS Report 97-674F*, May 8, 1998; “Military Medical Care Services: Questions and Answers,” *CRS Issue Brief 93103*, May 14, 1998; “Tactical Aircraft Modernization: Issues for Congress,” *CRS Issue Brief 92115*, May 14, 1998; “Basic Training, Base Closings May Dominate Defense Debate,”



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